



**WEST BENGAL STATE UNIVERSITY**  
B.Com. Honours 3rd Semester Examination, 2019

**FACACOR06T-B.COM. (CC6)**

**DIRECT TAXATION**

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate full marks.*

*Candidates should answer in their own words and adhere to the word limit as practicable.*

*All symbols are of usual significance.*

**GROUP-A**

**Answer any two questions from the following**

**$10 \times 2 = 20$**

1. (a) Mr. A of Indian origin left India for the first time on May 1, 2015 and came back to India permanently on July 6, 2018. From May 1, 2015 to March 2018 every year he visited India and stayed here for 88 days in each of the financial years 2015-16 and 2016-17 but stayed for 178 days during financial year 2017-18. He did not visit India between April 1, 2018 to July 5, 2018. Determine his residential status for the Assessment Year 2019-20. 5+5

(b) Mrs. Keka purchased a house property for Rs. 1,00,000 on July 25, 1969. The following expenses were incurred by her for making addition/alteration of the house property:

Cost of construction of first floor in 1977-78: Rs. 1,10,000.

Cost of construction of the second floor in 2004-05: Rs. 3,40,000.

Expenses incurred on transfer: Rs. 12,000.

Fair market value of the property on April 1, 2001 is Rs. 13,70,000. The house property was sold by Mrs. Keka on July 20, 2018 for Rs. 32,00,000.

Compute her income from capital gains for the assessment year 2019-20.

(Given CII for 2001-02 = 100; for 2004-05 = 113 and 2018-19 = 280)

2. (a) From the following information compute income from other sources of Mrs. Avipsa for the assessment year 2019-20: 4+6

- (i) Royalty from books (typing cost of manuscripts Rs. 4,000) Rs. 8,000.
- (ii) Interest from Post Office Savings Bank Account Rs. 3,000.
- (iii) Winnings from lottery (net after deduction of tax @ 30%) Rs. 8,400.
- (iv) Rent received from sub-letting a house: Rs. 48,000 during the previous year 2019-20; rent payable by Mrs. Avipsa for the house: Rs. 1,600 per month.

(b) Mrs. Sen is a private sector employee at Kolkata and stays there. Her particulars of salary for the financial year 2018-19 are: Basic Pay Rs. 35,000 per month, Dearness allowance (forming part of salary) is 50% of basic salary. Bonus Rs. 7,000 (annual). Commission @ 2% of turnover of the company (Turnover amounts to Rs. 30,00,000). House rent allowance received by her is Rs. 12,000 per month. She stays in a rented house paying a rent of Rs. 10,000 per month.

Calculate the amount of taxable house rent allowance for the Assessment Year 2019-20.

3. (a) Mr. Pal owns a house property in Kolkata, which is self occupied for his own residence. Details regarding the house property for the financial year ending on 31.3.2019 are as follows:

4+(3+3)

Construction started on 10.9.2014

Construction completed on 30.6.2016

He borrowed Rs. 20,00,000 for the construction of the house from SBI on 1.9.2014 at a rate of interest of 12% per annum. He paid the interests regularly but the loan was not repaid upto 31.3.2019. Compute total amount of deduction for interest on loan allowable from income from house property for the Assessment Year 2019-20.

(b) (i) When does the liability to pay advance tax arise for individual assessees?  
(ii) Mention the due dates along with the proportion of advance tax payable by individual assessees.

### **GROUP-B**

**Answer any two questions from the following**

$15 \times 2 = 30$

4. The following details are available from Mr. R. K. Bose for the year ending on 31.3.2019:

15

Basic Salary per annum Rs. 6,00,000.

Dearness allowance in terms of employment @40% of basic salary.

House rent allowance Rs. 8,000 p.m. (He lives in a rented house in Kolkata; rent p.m. being Rs. 10,000).

He and his employer contributed Rs. 4,500 p.m. to recognised provident fund.

Interest credited to provident fund @ 13% was Rs. 39,000.

Children education allowance received Rs. 350 p.m. for each of two children.

Life insurance premium paid by his employer Rs. 4,500 on his own life.

Club membership fees paid by the employer Rs. 1,500.

A motor car of 18 HP was provided by his employer both for official and private use and all expenses are incurred by employer.

Life insurance premium on wife's life paid by Mr. Bose Rs. 3,000.

Repayment of house building loan by Mr. Bose Rs. 1,00,000.

Paid Mediclaim through cheque for his family Rs. 15,000.

Compute the total income and tax liability of Mr. Bose for the Assessment Year 2019-20:

5. (a) Mr. Dayanand is the owner of two house properties in Kolkata. The particulars of the properties for the year ended 31.3.2019 are given below: 8+3+4

Particulars	House-I	House-II
How used	Let out for residence	Self occupied
Rent received (Rs.)	1,80,000	-----
Gross Municipal Value (Rs.)	1,95,000	80,000
Municipal tax	10%	10%
Interest on loan taken for repairs of house (Rs.)	50,000	35,000
Vacancy period	2 months	3 months
Ground rent (Rs.)	500	1,300

Compute income from house property of Mr. Dayanand for the assessment year 2019-20.

(b) State any three cases where income of a previous year is assessed to tax in the same year.

(c) Write a short note on deduction U/S 80E.

6. (a) Mr. X, a businessman, submits the following Profit & Loss Account for the year ended 31.3.2019 10+5

	Rs.		Rs.
To salaries	1,75,000	By, Gross Profit b/d	12,50,000
To provision for Doubtful Debts	12,000	By Dividend from Indian companies	8,500
To Travelling expenses	25,800	By Discount received	1,500
To Rent and rates	30,000		
To Administrative Charges	1,25,000		
To Depreciation	25,000		
To L.I.P. paid	10,000		
To Interest on Capital	5,000		
To Penalty under Income Tax	7,000		
To Provision for Income Tax	5,000		
To Net Profit c/d	8,40,200		
	<b>12,60,000</b>		<b>12,60,000</b>

**Other information:**

(i) Administrative charges include expenses of Rs. 1,000 paid as a donation to trade association.

(ii) Depreciation as per Income tax rules is Rs. 45,000.

Compute Mr. X's taxable income from business for the Assessment Year 2019-20.

(b) The followings are the income and losses of Ms. Banerjee for the year 2018-19:

Particulars	Rs.
Income from non-speculation business	2,02,600
Income from speculation business	1,01,400
Interest on Debenture	47,800
<u>Brought forward losses of the year 2017-18</u>	
Loss from non-speculation business	2,46,600
Loss from speculation business	24,700

Compute Gross Total Income of Ms. Banerjee for the Assessment Year 2019-20.

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